

4531

CIA HISTORICAL REVIEW PROGRAM
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Attachment 1

Derivation of Quarterly Rates of Growth of Important Industrial Items
(Weekly Summary of 28 October)

1. As indicated by the column headings for 1966, the periods shown relate to the corresponding periods of 1965. Soviet reporting of quarterly industrial production is cumulative from the beginning of the year, and consequently the percentage increases shown in the table for the first half of 1966 correspond with those appearing in the plan fulfillment report at the end of the second quarter of the year (Pravda, 24 July 66). But for purposes of analyzing industrial performance during the third quarter alone the cumulative data in the third-quarter fulfillment report must be adjusted to exclude production in the first two quarters of the year.

2. This adjustment is made by subtracting from cumulative production for the first three quarters of the year (as reported in Pravda, 23 Oct 66) the production reported in July for the first half of the year. The same operation is also performed on the 1965 data, and production in the third quarter of the two consecutive years is compared, item for item, to derive the appropriate percentage changes. This incremental measure is far more sensitive to changes in industrial performance that occur during the third quarter than is the cumulative total for the first three quarters.

3. We trace below, as an example, the steps taken to derive the percentage increase for the production of chemical equipment in the third quarter of 1966 over the third quarter of 1965.

4. The Soviet press reported production of chemical equipment in the amount of 306 million rubles during the first three quarters of 1966, an increase of 5 percent over the corresponding three quarters of 1965.

- a. Adjust if necessary, cumulative production figure of 286 million rubles originally reported for first three quarters of 1965 on basis of 1966 information: $\frac{306 \text{ m. r.}}{105} = 291.4 \text{ m. r.}$
- b. Make similar adjustment if necessary, for cumulative production figure of 191 million rubles originally reported for first half of 1965: $\frac{203 \text{ m.r.}}{107} = 189.7 \text{ m.r.}$
- c. Subtract cumulative production for first half of year from cumulative production for first three quarters of year:

	1965	<u>1966</u>
Cumulative production, 3rd quarter	291.4 m. r.	306 m. r.
Cumulative production, 1st half	<u>-189.7 m. r.</u>	<u>-203 m. r.</u>
Third-quarter increment	101.7 m. r.	103 m. r.

- d. Divide third-quarter increment in 1966 by third-quarter increment in 1965, and round to nearest full percent:
- $$\frac{103 \text{ m. r.}}{101.7 \text{ m. r.}} = 101.28 = 1 \text{ percent increase.}$$